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February 26, 2010

Mary F. Rupp
Secretary of the Board
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428

RE: Comments on Part 704 Corporate Credit Unions

Dear Ms. Rupp:

I have read several summaries of the new Corporate proposal including sections of the entire 252 page document and while corporates certainly shared in the financial crisis for credit unions and additional regulations do need to be enacted, this proposal goes to far and is not a workable plan.

First of all, the proposal ignores the basic concept of risk and reward. The proposal calls for over-capitalization in light of the fact that the proposal by NCUA eliminates all potential risks for a corporate and will eliminate many profitable avenues, including the ability to make long term loans and offer long-term CDs as a result of the WAL restrictions. As the proposal states:

> *"Likewise, increased capital requirements and well-defined concentration limits protect not only against the types of risk that materialized in the past but also different risks that might materialize suddenly in the future."*

Risk should be managed, but not eliminated. The corporate system has issues but a statement like this seems too over-controlling and far reaching to benefit the credit union system, and it seems counterintuitive to the way capital markets work. Our financial system drives the American economy and is based on a risk-reward system. The only way to eliminate risk is to eliminate all types of borrowing by corporates, credit unions and our members, as well as all term investments. But clearly, this is not a solution. As a $125 million credit union, we rely on this cooperative corporate model for one-stop shopping in terms of investments, a settlement account, wiring functions and ACH services, and also to maintain optimal staff levels. This proposal does not take into consideration the services that the corporates are providing for our credit union and other smaller credit unions. If implemented, this proposal will cost thousands of people jobs and negatively impact efficiencies and net income for credit unions for years to come.

Also, the assumptions in the corporate model surrounding the existence of a private student loan security* at LIBOR + 200 basis points and contributed capital with a zero return are inaccurate and no corporate will survive under this proposal because the model cannot work. This type of investment is not appropriate for a corporate credit union and the yield used in the example is not representative of a long run attainable return. *"Based upon a Bank of America historical analysis of other securities of this type, their spread history shows a six-year average of LIBOR + 157 bp with pre-August 2008 spread of LIBOR +30 bp. If an average yield of LIBOR + 50 bp was inserted into*

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NCUA's model, net income would then result in a negative 0.03%. In other words, 10% of the model portfolio drives 59% of the net interest income and 39% of the bottom line." My credit union certainly won't be contributing capital under a zero return assumption, and I am concerned NCUA is pushing the corporate system to imminent destruction with a proposal that has not been fully developed and contains unrealistic investment returns and assumptions for the corporate model.

Investments			
Sector	Portfolio Percentage	Total Weighted Average Life	LIBOR/EDSF Spread
Private Student Loan ABS*	10%	0.500	200

The final point I'd like to make is on the section about the six-year term limits. Term limits will damage the corporate system as it would hurt our credit union. With a six-year term limit, you are asking for the average length of tenure on a given board of directors to be only three years. For our credit union, a board member finally understands a credit union's operating environment and is most beneficial after three years. I'd consider it to be a waste of resources if one of my own board members would be forced to retire after six years only to be replaced by someone with limited or no board experience**. The average tenure of board members did not cause the problems in the corporate system. I'd consider it fortunate and a major operational advantage if every one of my board members had ten or more years of experience.** If NCUA feels the need to limit the tenure of board member, please consider something in excess of twenty years.

In the short paragraphs above, I focused on what I consider to be the three major problems with this the NCUA proposal and also would like to mention one major topic that has been left out – the so-called legacy assets. **The legacy assets remain the biggest concern in the corporate system today and the proposal fails to mention them at all.** This is disappointing and I'd like to understand the plan if one exists. This proposal seems like the appropriate place to address it.

Please discard this proposal and address the items that I have highlighted in this letter with a new one. **Without addressing these items, NCUA is not providing a workable solution, only something that if enacted will lead to the destruction of the corporate system. Please develop a proposal agreed upon by a cross-section of financial and corporate experts with an understanding of investments, capital and governance.** Speaking from the perspective of a $125 million credit union, we need our corporate credit unions. I thank you for the opportunity to provide feedback on this proposal.

Sincerely,

Brian Resch

Brian Resch
President/CEO
Coors® Credit Union